

MERCANTILISM & EAST INDIA TRADE

An Early Phase of the Protection Versus Free Trade Controversy

P. J. Thomas

On its first publication in 1926 *Mercantilism and East India Trade* was recognised as a most illuminating contribution to the history of economic thought which also illustrated the political influence of private business interests. Still considered to be one of the most valuable treatments available this re-issue will be welcomed by all students of the subject.

Almost at once the East India Trade became a political problem. In this conflict the Company was attacked on two sides, firstly by the excluded merchants who resented its monopoly, and secondly by those who attacked the actual trade which it carried on as this entailed an export of bullion. This bullionist controversy flared into increased proportions at the end of the Seventeenth century, provoked by the great interest in the importation of Indian cotton goods. On national grounds it was attacked by Daniel Defoe and a host of pamphleteers until by degrees the great worsted and woollen industry was thoroughly alarmed. It is on this part of the controversy that the author chiefly directed his attention. The principle disclosure of this book is the way in which the advocates of the Company were driven by the circumstances in which they were placed to develop and expand the doctrines of free trade. Among the special points of interest brought out is the effectiveness of mob action in London in influencing legislation in the early part of the Eighteenth Century.

see back flap

Bought from Blackwell Publishers Oxford
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Ranjith

"This monograph throws much new light upon an old subject, an achievement that is the more surprising because intensive work on manuscripts and in the larger collections of pamphlets has failed to reveal any new materials of primary importance. Considerable new material has indeed been utilised, and it would seem that a comprehensive survey has been made of the resources of the Record Office, the Indian Office, the British Museum, the Goldsmith's Library, and the Bodleian. Many new details are forthcoming; and generous documentation is provided for matters that were previously known in a rather sketchy fashion.

Much new detail is given with reference to the rise of the trade in Indian textiles, the discontent of the English industrialists, and the development of calico printing after 1700. There are two contributions of outstanding importance. Mr. Thomas shows that the defense of the East India trade resulted in a steady development of the analysis of foreign trade, which culminated in the enunciation of a doctrine of comparative advantage. He also shows that the free trade policy was only adventitiously connected with the Tory party".

ABBOT PAYSON USHER

The American Economic Review, 1927

"As a definite and original contribution to British economic history by an Indian student, this book must be nearly, if not quite, unique. The broad fact that the development of economic thought in England was largely influenced by the controversies over the East India Company and its trade during the seventeenth and eighteenth centuries is sufficiently familiar; but much new light has been thrown on this matter by Mr. Thomas' explorations of the controversial literature published from 1623-1727".

GILBERT SLATER

The Economic Journal, 1928

"Mr. P. J. Thomas' *Mercantilism and East India Trade* is a valuable study, made from original and hitherto little-used sources, of the beginnings of protectionism in England in the latter part of the seventeenth and the early part of the eighteenth centuries".

The American Political Science Review, 1927



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PREFACE

THE object of this monograph is to trace the beginnings of Protectionism in England. Towards the last quarter of the seventeenth century, the Mercantile system became increasingly protectionist in aim, and this is disclosed by the numerous controversies that raged in the sphere of foreign trade at the time. The opposing views of Protection and Free Trade were clearly stated by a galaxy of talented writers, whom we may justly regard as the pioneers of modern economic thought. These controversies resulted in the triumph of Protectionism, and for more than a century it remained the settled economic policy of Great Britain. This early clash between Protectionism and Free Trade is only barely noticed in the existing books, but it deserves a prominent place in the history of economic development. The importance of this topic can only be brought out by segregating it from the general current of Mercantilism—by extricating it from that tangled web which has almost baffled analysis and has greatly confused the inexperienced student. This aim the present writer has kept clearly in view.

Of the many branches of English foreign trade, the East Indian was the one that figured prominently in the protectionist controversy, and hence the importance attached to it in this work. It must be noted, however, that the controversy was not between England and the East Indies, but between two powerful interests within England: the English woollen and silk manufacturers were pitted against the English East India Company and the English calico-printers. The subject is therefore essentially connected with England, and is only incidentally connected with India. It is a chapter—and an integral chapter—in the history of economic thought in general and of English economic development in particular. It is from this standpoint that the subject has been dealt with in the present work.

At a time like the present when there is a distinct revival of Protectionism in most countries, the subject of this treatise may be of special interest, not only to students but to statesmen. The safeguarding of "key" industries is